



State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

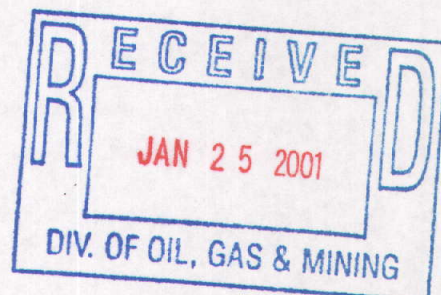
Michael O. Leavitt
Governor

David T. Terry
Director

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<http://www.trustlands.com>

January 24, 2001

Mr. Mike Cates
Interstate Rock Products
P.O. Box 3936
Van Couver, WA 98662



RE: "Green Beetle" Quarry Site
DOGM Permit # S-003-017

<u>T11N, R16W, SLB&M</u>	<u>Box Elder County</u>
Section 36: W2SE4	80.00 acres
Section 36: SE4SE4	<u>40.00 acres</u>
	120.00 acres

Dear Mr. Cates,

Thank you for your interest in mining building stone resources from the above described trust lands. As you are aware the property was recently under lease to William Bown, but the leases were cancelled. An unreclaimed quarry site is located in the W2SE4 and a significant quantity of mined stone is laying on the ground in an open space in the SE4SE4. The surface of the lands are owned by the federal government and administered by the Bureau of Land Management. Mining operations were permitted by the Utah Division of Oil, Gas & Mining under Permit #S-003-017.

The Trust Lands Administration desires to contract with a responsible lessee to resume mining operations for quartzite building stone. The new lease will be issued in the form of a "Mineral Materials Permit" for quartzite, building stone. The new lessee will be required to pay an annual rental of \$10.00 per acre, which may be credited against annual production royalty, and to pay a production royalty on the basis of the greater of 10% gross value, f.o.b. mine, or \$15.00 per ton. Royalty must be paid upon all quartzite, mined or removed from the lands by the new lessee. The new lessee will be required to assume responsibility for the existing quarry located in the W2SE4 and the stockpile of mined stone laying on the ground in the SE4SE4 by posting a bond with the Trust Lands Administration. Lessee must be registered with the Utah Division of Corporations, if a business entity, and must obtain a transfer of the DOGM mining permit into lessee's name. Prior to commencing any mining or reclamation in the lands the new lessee must notify the Trust Lands Administration and obtain an approved plan of operations. Liability insurance in an amount adequate to protect the Lessor may be required. Lessee

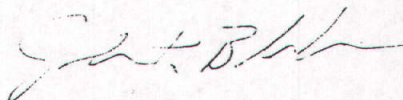
must also obtain a surface entry/operating permit from the Bureau of Land Management before operating upon the leased lands.

I am enclosing an application form. If you are interest in making application under the above conditions you may complete and return the application form along with a \$100.00 filing fee and the first year annual rentals of \$10.00 per acre. I will then present your application to the Director for final approval.

If you do not desire to assume responsibility for the existing mining disturbances then the Trust Lands Administration must resolve outstanding reclamation and royalty issues with Mr. Bown before the lands may be available for lease.

Please contact me if you have any questions in this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "John T. Blake", written in a cursive style.

John T. Blake
Mineral resources Specialist

CC: Lynn Kunzler
Mike Ford